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The AAA PLAN for DARK TOBACCO

WHY THE PROGRAM FOR TOBACCO?

So that tobacco growers can cooperate
to keep price and income from
dark tobacco at fair levels



HOW FARMERS MAKE PROGRAM WORK

1. Adjust acreage so as to fit tobacco production to demand.
2. Protect their program and income by using marketing quotas.
3. Use soil-building practices to improve their farms.

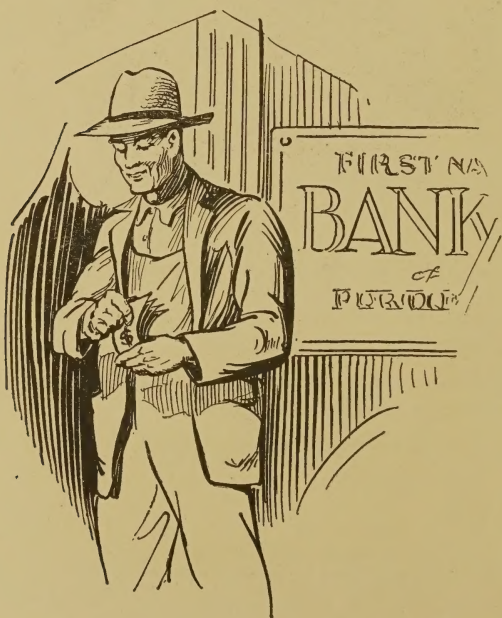
Commodity Information Series
U. S. DEPARTMENT OF AGRICULTURE
Agricultural Adjustment Administration

How Program Can Help

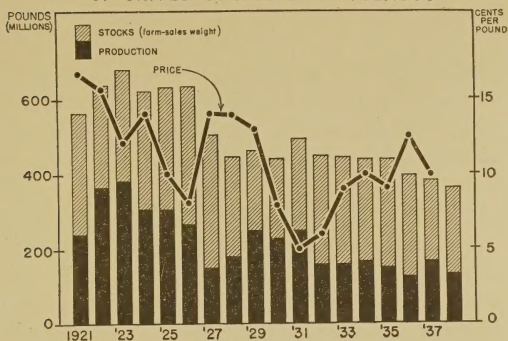
The Agricultural Adjustment Act of 1938 gives producers of fire-cured and dark air-cured tobacco an opportunity to work together in leveling out ups and downs in supplies and prices of dark tobacco.

Farmers producing dark tobacco can market as much tobacco—and at a higher price level—over a period of years with the AAA Program in effect as they could without the Program. Without the Program, years of heavy production would be followed by years of small crops because growing tobacco would not be profitable to the average producer.

With a program, marketings can be stabilized in line with demand, thus maintaining favorable income from tobacco.



TOTAL PRODUCTION, STOCKS, AND PRICES OF UNITED STATES DARK TOBACCO



The Need For A Program

Producers of dark tobacco are in a position to produce each year more than twice as much as the world now consumes of this tobacco.

Excessive supplies of tobacco bring low prices and small incomes to growers.

Stocks of fire-cured and dark air-cured tobacco on October 1, 1938, were approximately 10 million pounds above a year ago but the 1938 crop is estimated to be below the 1937 crop due mainly to unfavorable growing conditions. The total supply now on hand is estimated to be less than the total supply a year ago but is still above the reserve supply level for dark tobacco.

Continued production above consumption would mean lower prices than in the past 4 years and destroy gains in farm income that have been made.

Farmers can help themselves by
adjusting acreage

Adjusting Acreage

Producers of dark tobacco can adjust acreage by planting within their acreage allotments.

Farm acreage allotments for tobacco are determined on the basis of past acreage and cropping practices, together with the land, labor, and equipment on the farm.

Producers who plant within their allotments are eligible to receive payment for cooperating.

The farmer himself decides whether or not he wants to stay within his acreage allotment.

Soil conservation is encouraged on land diverted from dark tobacco.

Full benefit payments are possible only if cooperating farmers plant within acreage allotments and follow soil-building practices necessary to reach the soil-building goal.



Protection Under Marketing Quotas

The Farm Act provides marketing quotas to protect farmers from burdensome surpluses which make prices slump.

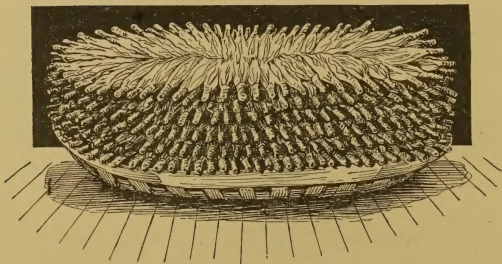
Marketing quotas are in effect only when the supply is more than 5 percent above the normal supply. Operation of quotas is subject to approval of two-thirds of the producers who vote in a referendum.

When in effect, quotas apply to every producer of dark tobacco.

The penalty for marketing more than the individual farm quota would be 2 cents per pound or 50 percent of the sale price, whichever is higher.

If all farmers plant within their acreage allotments, marketing quotas would not be necessary in most years. But when plantings and yields push supply up over the marketing quota level, farmers would fare better with marketing quotas in effect than they would with uncontrolled marketings.

Keep prices and income at fair levels.



Salient Facts

Producers of dark tobacco received 14 per-cent more income from the four crops marketed under the Farm Program than they received during the 4-year period, 1930-33.

All available data indicate that income would have been much lower in the last 4 years if AAA programs, including byproduct diversion, had not been in effect or in prospect, and that prices of dark tobacco probably would be low because of excessive stocks.

The consumption of fire-cured and dark air-cured tobacco has been declining in recent years both at home and abroad.

A crop in 1939 which would increase the carry-over by any substantial quantity is almost certain to result in lower prices.

Balance production and marketing
with demand.

